

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF SEPTEMBER 2000

Dated	Subject	Distribution
09-01-00	Administrative Budget Teleconference	N.O.Officials
	Administrative Budget Teleconference	S/D
	Rural Economic Development Loan and Grant Program Projects Funded for Fourth Quarter Fiscal Year 2000	S/D
09-05-00	Federal Register Liaison/Certifying Officers	N.O.Officials
09-13-00	Rural Economic Development Loan and Grant Program Prepaid Electric Utilities	S/D
09-15-00	Voluntary Leave Transfer Program (Andrea M. Lewis)	S/D, N.O.Officials
	Voluntary Leave Transfer Program (Cynthia B. McNeil)	S/D, N.O.Officials
09-16-00	Business and Industry Guaranteed and Direct Loan Programs Funding Activity Status Report - August 2000	S/D
09-20-00	Requests for Payoffs by Junior Lienholders	RD Employees
	Modifying Escrow Account Setup Process on Existing Single Family Housing Accounts	RD Employees
09-25-00	FY 2001 Reimbursable Accounts	S/D

September 5, 2000

SUBJECT: Federal Register Liaison/Certifying Officers

TO: Rural Development National Office Officials

The Office of the Federal Register (OFR) recently asked us to update our contacts list. The Liaison Officer is the main contact between your organization and the OFR. The Certifying Officer is responsible for making the certification required for paper copies and electronic disks under 1 CFR sec 18.5 and 18.6. (The OFR will not accept any documents for publication unless the appropriate Certifying Officer has signed them.) For Rural Development, the Certifying and Liaison Officers are as follows:

Rural Housing Service Certifying and Liaison)	Tracy Gillin (202-692-0039) <i>Alternate: Barbara Williams (202-692-0045)</i>
Rural Business-Cooperative Service (Certifying and Liaison)	Tracy Gillin (202-692-0039) <i>Alternate: Cheryl Thompson (202-692-0043)</i>
Rural Utilities Service Liaison)	F. Lamont Heppe, Jr. (202-720-0736) <i>Alternates Dawn Wolfgang (202-720-0812)</i>
(Certifying)	Michele Brooks (202-690-1078) Dawn Wolfgang (202-720-0812) Michele Brooks (202-690-1078) <i>Alternate F. Lamont Heppe, Jr.</i> <i>(202-720-0736)</i>
Administrative Issuances Certifying and Liaison)	Richard Gartman (202-692-0038) <i>Alternate Jean Mosley (202-692-0041)</i>

These people are ready to assist you with any *Federal Register* question or issuance.

(Signed by J. Michael Clark)

J. MICHAEL CLARK
Director
Support Services Division

EXPIRATION DATE:
August 31, 2001

FILING INSTRUCTIONS:
Administrative/Other Programs

September 13, 2000

SUBJECT: Rural Economic Development Loan and Grant Program
Prepaid Electric Utilities

TO: State Directors, Rural Development

ATTN: Business Programs Directors

The purpose of this memorandum is to provide all Rural Development State Offices with an updated listing of the *prepaid* Rural Utilities Service (RUS) electric utilities that remain eligible for financial assistance under the Rural Economic Development Loan and Grant (REDLG) Program administered by the Rural Business-Cooperative Service (RBS).

During the past 15 years, RUS electric borrowers have had the opportunity to prepay, at a discount, their electric loan debt to RUS under two special discount prepayment programs authorized by Congress. The first prepayment program was authorized on October 30, 1986, and expired on September 30, 1987. Twenty-nine (29) electric borrowers took advantage of that prepayment law. The second discount prepayment program, which applies only to RUS electric borrowers, was authorized on October 21, 1992, and remains in effect inasmuch as the legislative authority for the current prepayment program did not provide for a termination or expiration date. To date, 195 electric borrowers have taken advantage of the current discount prepayment program and have either prepaid RUS or are in the process of prepaying over an established period of time. These 224 former RUS borrowers are known as *prepaid* borrowers and, by special legislative authority, remain eligible for REDLG program assistance.

Please keep in mind that those electric borrowers that repaid their RUS loans in full over their scheduled loan periods without the benefit of a discount are not eligible for REDLG assistance. In addition, any RUS telecommunications borrower that repays its debt to RUS in full is no longer eligible for REDLG program assistance.

For your continued use in administering the REDLG program, we are attaching an updated listing of all electric utilities that have prepaid, or are in the processing of prepaying, their RUS debt under the two authorized discount prepayment programs.

EXPIRATION DATE:
September 30, 2001

FILING INSTRUCTIONS:
Community/Business Programs

The listing provides the former RUS identification number, name and city of the utility, date of prepayment, indication if prepaid in full (F) or partial prepayment (P), and if a REDLG program loan (L) or grant (G) or combination of both (L/G) is outstanding to the utility.

As directed by the REDLG delegation of authority memorandum dated April 9, 2000, it is the responsibility of the State Office to ensure that certain servicing functions are performed for the **fully prepaid** RUS electric borrowers that continue to have outstanding loans and grants under the REDLG program. These functions include (1) conducting civil rights compliance reviews of the prepaid utilities in accordance with RD Instruction 1901-E, and (2) obtaining and reviewing the annual audits of the prepaid utilities. The audit is to be performed by a Certified Public Accountant (CPA) following Generally Accepted Accounting Principles. An audit is required on an annual basis until the zero-interest loan is repaid in full, and during such time as the utility operates a revolving loan fund program using REDLG funds. For those electric utilities that have only made partial prepayment to date and for which RUS retains its first priority lien on the assets of the utility, the RUS field representatives will continue to conduct the civil rights reviews, and the National Office RUS staff accountants will continue to receive and review the annual CPA audits.

The attached prepayment listing is current as of August 31, 2000. Every effort will be made to update the listing on a periodic basis for your benefit. If you have any questions concerning the attached listing or the repayment status of any RUS electric utility not shown on the list, please contact Patricia Wing of the Specialty Lenders Division, (202) 720-9558.

(Signed by William F. Hagy III)

WILLIAM F. HAGY III
Deputy Administrator
Business Programs
Rural Business-Cooperative Service

Attachment (7 pages)

Sent by facsimile on 9-13-00 @ 3:27 p.m. by SSD.
State Directors should notify other officials as appropriate.

FORMER RUS ELECTRIC BORROWERS WHOSE ELECTRIC LOANS HAVE BEEN
PREPAID OR ARE PREPAYING UNDER RUS AUTHORIZED DISCOUNT PREPAYMENT
PROGRAMS:

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
AK	2	Matanuska Electric Association, Palmer	03/23/95 (F)	
AK	5	Homer Electric Association, Inc., Homer	05/16/00 (F)	
AK	18	Copper Valley Electric Association, Glennallen	12/16/98 (F)	
AK	30	Cordova Electric Cooperative, Inc., Cordova	04/28/99 (F)	
AL	22	Pioneer Electric Cooperative, Inc., Greenville	11/22/99 (F)	(L/G)
AL	37	Joe Wheeler Electric Membership Corp., Hartselle	01/21/99 (F)	
AR	10	First Electric Cooperative Corporation, Jacksonville	09/22/98 (F)	
AR	24	Ozarks Electric Cooperative Corporation, Fayetteville	11/09/98 (F)	*
AR	27	Ouachita Electric Cooperative Corporation, Camden	11/25/97 (F)	
CO	14	San Luis Valley Rural Electric Cooperative, Monte Vista	11/18/99 (F)	
CO	16	Intermountain Rural Electric Association, Sedalia	01/17/95 (F)	
CO	17	Southeast Colorado Power Association, La Junta	11/19/98 (P)	
	(L)			
CO	18	Gunnison County Electric Association, Gunnison	11/06/96 (F)	
CO	22	United Power, Inc., Brighton	06/22/99 (F)	
CO	40	White River Electric Association, Inc., Meeker	10/26/99 (F)	
CO	46	Colorado-Ute Electric Association, Montrose	09/25/87 (F)	
FL	14	Clay Electric Cooperative, Keystone Heights	01/29/99 (F)	
FL	24	Florida Keys Electric Cooperative Assn, Tavenier	08/28/96 (F)	
FL	25	Lee County Electric Cooperative, North Fort Myers	09/30/87 (F)	
FL	30	Choctawhatchee Electric Coop., DeFuniak Springs	06/01/98 (F)	(G)
FL	34	Gulf Coast Electric Cooperative, Wewahitchka	06/17/99 (F)	(L)
GA	20	Troup Electric Membership Corp., LaGrange	12/07/95 (F)	
GA	35	Walton Electric Membership Corp., Monroe	01/29/96 (F)	
GA	51	Snapping Shoals Electric Memb. Corp., Covington	07/27/94 (F)	
GA	66	Flint Electric Membership Corporation, Reynolds	06/19/98 (F)	
GA	70	Mitchell Electric Membership Corporation, Camilla	02/16/95 (F)	
GA	84	Cobb Electric Membership Corporation, Marietta	03/19/96 (F)	
GA	91	Oconee Electric Membership Corporation, Dudley	06/06/99 (F)	
IA	3	Plymouth Electric Cooperative Assn., LeMars	04/21/98 (F)	(G)
IA	21	Guthrie County Rural Electric, Guthrie Center	07/15/96 (P)	(G)
IA	26	Nishnabotna Valley Rural Electric Coop., Harlan	02/23/95 (F)	
	(L/G)			
IA	40	Pella Cooperative Electric Assn., Pella	05/22/97 (F)	(L)

IA	50	Lyon Rural Electric Cooperative, Rock Rapids	11/20/97 (F)	(L/G)
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ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
IA	53	Linn County Rural Electric Cooperative, Marion	11/25/97 (F)	
IA	56	T.I.P. Rural Electric Cooperative, Brooklyn	02/20/97 (F)	(L)
IA	59	Woodbury County Rural Electric Coop., Merville	01/19/99 (F)	
IA	62	Ida County Rural Electric Cooperative, Ida Grove	04/21/98 (F)	
IA	69	S.E. Iowa Cooperative Electric Assn., Mt. Pleasant	03/07/97 (P)	(G)
IA	92	Iowa Lakes Electric Cooperative, Estherville	03/20/97 (F)	(L/G)
IA	94	Northwest Rural Electric Cooperative, Orange City	05/29/96 (F)	(G)
IA	98	Heartland Power Cooperative, Thompson	12/31/99 (F)	(G)
ID	4	Northern Lights, Inc., Sandpoint	01/16/98 (F)	(L)
ID	15	Idaho County Light & Power Coop., Grangeville	10/21/97 (F)	
ID	17	Fall River Rural Electric Cooperative, Ashton	03/20/96 (F)	
ID	23	Salmon River Electric Cooperative, Challis	03/31/98 (F)	
IL	2	Wayne-White Counties Electric Coop., Fairfield	03/16/99 (F)	(L/G)
IL	8	Coles-Moultrie Electric Cooperative, Mattoon	08/21/97 (F)	
IL	27	Edgar Electric Cooperative Association, Paris	11/09/94 (F)	(G)
IL	30	Adams Electrical Cooperative, Camp Point	05/28/97 (F)	(G)
IL	32	McDonough Power Cooperative, Macomb	11/16/99 (F)	
IL	33	Western Illinois Electric Cooperative, Carthage	11/16/99 (F)	
IL	34	Egyptian Electric Cooperative Assn., Steeleville	11/24/98 (F)	
IL	37	Southeastern Illinois Electric Cooperative, Eldorado	04/15/98 (F)	
IL	38	Corn Belt Electric Cooperative, Bloomington	11/26/96 (F)	*
IL	39	Spoon River Electric Cooperative, Inc., Canton	10/16/97 (F)	
IL	40	M.J.M. Electric Cooperative, Carlinville	10/21/98 (F)	
IL	41	Tri-County Electric Cooperative, Mount Vernon	08/27/96 (F)	*
IL	43	Southern Illinois Electric Cooperative, Dongola	12/17/97 (F)	
IL	44	Jo-Carroll Electric Cooperative, Elizabeth	07/28/98 (F)	(L)
IL	45	Clinton County Electric Cooperative, Inc., Breese	11/16/99 (F)	*
IL	54	Eastern Illini Electric Cooperative, Paxton	11/19/98 (F)	
IN	6	Boone County Rural EMC, Lebanon	09/21/95 (F)	
IN	11	Warren County Rural EMC, Williamsport	10/24/95 (F)	
IN	14	Shelby County Rural EMC, Shelbyville	02/15/99 (F)	(L)
IN	18	Rush County Rural EMC, Rushville	02/15/99 (P)	
IN	21	Bartholomew County Rural EMC, Columbus	10/05/94 (F)	
IN	24	Carroll County Rural EMC, Delphi	10/06/94 (F)	
IN	32	Central Indiana Power, Greenfield	10/23/96 (F)	
IN	33	Hendricks County Rural EMC, Danville	07/27/94 (F)	
IN	42	Parke County Rural EMC, Rockville	03/18/99 (F)	
IN	46	Miami-Cass County Rural EMC, Peru	02/28/96 (F)	

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
IN	53	Steuben County Rural EMC, Angola	08/23/95 (F)	
IN	60	South Central Indiana REMC, Martinsville	09/21/99 (F)	(L)
IN	72	Clark County Rural EMC, Sellersburg	09/28/87 (F)	
IN	80	Noble County Rural EMC, Albion	05/18/95 (F)	
IN	88	Kosciusko County Rural EMC, Warsaw	02/16/95 (F)	
IN	109	Whitewater Valley Rural EMC, Richmond	02/18/98 (F)	(L/G)
IN	110	Western Indiana Energy REMC, Vincennes	10/20/99 (F)	
KS	19	Butler Rural Electric Cooperative Assn., El Dorado	02/25/99 (F)	(L/G)
KS	55	Midwest Energy, Inc., Hays	01/12/95 (F)	
KS	56	Lyon-Coffey Electric Cooperative, Inc., Burlington	11/16/99 (P)	(L)
LA	6	Teche Electric Cooperative, Inc., Jenerettee	09/23/97 (F)	
LA	11	Bossier Rural EMC, Bossier City	12/28/94 (F)	
LA	18	Beauregard Electric Cooperative, Deridder	09/30/87 (F)	
MD	7	Choptank Electric Cooperative, Inc., Denton	12/18/98 (F)	
ME	13	Union River Electric Cooperative, Aurora	10/26/95 (F)	
MI	26	Tri-County Electric Cooperative, Portland	01/23/97 (F)	(L)
MI	28	Presque Isle Electric Cooperative, Onaway	01/19/95 (F)	
MI	44	Cherryland Electric Cooperative, Grawn	05/16/00 (P)	(L/G)
MI	46	Wolverine Power Supply Cooperative, Cadillac	12/31/97 (F)	
MN	48	Anoka Electric Cooperative, Anoka	02/27/96 (F)	
MN	58	Kandiyohi Cooperative Electric Power Assn, Willmar	05/12/98 (F)	(L)
MN	65	Dakota Electric Association, Farmington	09/18/95 (F)	
MN	83	Itasca-Mantrap Coop. Electrical Assn., Park Rapids	05/22/97 (F)	(L)
MN	96	Beltrami Electric Cooperative, Bemidji	11/20/97 (F)	
MN	97	Roseau Electric Cooperative, Roseau	01/22/98 (F)	
MN	101	Clearwater-Polk Electric Cooperative, Bagley	09/18/97 (F)	(L)
MO	19	Boone Electric Cooperative, Columbia	08/27/98 (F)	
MO	28	Barton County Electric Cooperative, Inc., Lamar	03/23/00 (F)	
MO	31	Scott-New Madrid-Mississippi Elec. Coop., Sikeston	02/28/96 (F)	
MO	38	Black River Electric Cooperative, Fredericktown	06/29/99 (F)	
MO	41	Platte-Clay Electric Cooperative, Inc., Platte City	01/13/00 (F)	(G)
MO	43	Laclede Electric Cooperative, Inc., Lebanon	07/29/99 (F)	
MO	46	White River Valley Electric Cooperative, Inc., Branson	05/12/99 (P)	(L)
MO	56	North Central Missouri Electric Cooperative, Milan	07/18/00 (F)	*
MO	57	Cuivre River Electric Cooperative, Troy	09/29/87 (F)	

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
MS	20	Yazoo Valley Electric Power Assn., Yazoo City	03/26/98 (F)	(L)
MS	29	4-County Electric Power Association, Columbus	12/18/96 (F)	(L)
MS	31	Twin County Electric Power Assn., Hollandale	10/27/98 (F)	(L)
MS	34	Delta Electric Power Association, Greenwood	12/27/95 (F)	(L)
MS	36	Pearl River Valley Electric Power Assn., Columbia	05/28/96 (F)	
MS	48	Northcentral Mississippi Electric Power Assn, Byhalia	01/26/99 (F)	
MT	2	Sun River Electric Cooperative, Fairfield	03/24/00 (F)	
MT	13	Flathead Electric Cooperative, Kalispell	02/22/96 (F)	(L)
MT	30	Glacier Electric Cooperative, Cut Bank	01/29/96 (F)	(L)
NC	14	Pitt & Greene EMC, Farmville	09/26/96 (F)	
NC	38	Harkers Island EMC, Harkers Island	05/20/97 (F)	
NC	43	Jones-Onslow EMC, Jacksonville	06/25/95 (F)	
NC	47	Wake EMC, Wake Forest	01/23/96 (F)	(G)
NE	1	Roosevelt Public Power District, Mitchell	09/29/87 (F)	
NE	49	Howard Greely Rural PPD, St. Paul	09/18/87 (F)	
NE	54	Cuming County PPD, West Point	09/01/87 (F)	
NE	64	York County Rural PPD, York	09/01/87 (F)	
NE	71	Elkhorn Rural PPD, Battle Creek	09/25/87 (F)	
NE	76	Southern Nebraska Rural PPD, Grand Island	03/09/87 (F)	
NE	78	Dawson County Public Power District, Lexington	09/27/96 (F)	
NE	79	McCook Public Power District, McCook	09/18/87 (F)	
NE	80	Niobrara Valley Electric Membership Corp., O'Neill	09/30/87 (F)	
NE	81	Cornhusker Public Power District, Columbus	09/28/87 (F)	
NE	83	Custer Public Power District, Broken Bow	09/29/87 (F)	
NE	99	Northwest Rural PPD, Hay Springs	09/22/87 (F)	
NE	101	Southwest Public Power District, Palisade	07/23/87 (F)	
NE	103	Loup Valley Rural PPD, Ord	09/24/87 (F)	
NE	105	South Central PPD, Nelson	06/11/87 (F)	
NH	4	New Hampshire Electric Cooperative, Plymouth	01/30/97 (F)	
NV	4	Overton Power District No. 5, Overton	01/23/97 (F)	
NV	15	Wells Rural Electric Company, Wells	12/20/99 (F)	
NV	17	Lincoln County Power District No. 1, Pioche	06/28/94 (F)	
NV	18	Valley Electric Cooperative, Pahrump	01/19/95 (F)	
NV	19	Mt. Wheeler Power, Inc., Ely	09/25/97 (F)	

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
OH	39	Paulding-Putnam Electric Cooperative, Paulding	03/21/95 (F)	
OH	41	Licking Rural Electrification, Inc., Utica	08/30/94 (F)	
OH	50	Union Rural Electric Cooperative, Marysville	12/23/99 (F)	
OK	2	Kay Electric Cooperative, Blackwell	02/19/99 (F)	(L)
OK	10	Oklahoma Electric Cooperative, Norman	04/23/96 (F)	
OK	12	Alfalfa Electric Cooperative, Cherokee	02/18/99 (F)	
OK	16	Peoples Electric Cooperative, Ada	09/29/87 (F)	
OK	19	Northeast Oklahoma Electric Cooperative, Vinita	08/24/99 (F)	
OK	20	Rural Electric Cooperative, Lindsay	04/14/00 (F)	*
OK	33	Kiamichi Electric Cooperative, Wilburton	10/29/96 (F)	
OK	34	Tri-County Electric Cooperative, Hooker	12/20/99 (F)	
OR	2	Blachly-Lane County Coop. Electric Assn., Eugene	09/25/97 (F)	
OR	4	Consumers Power, Inc., Philomath	09/23/97 (F)	
OR	18	Lane Electric Cooperative, Inc., Eugene	10/22/98 (F)	
OR	21	Coos-Curry Electric Cooperative, Port Orford	03/26/98 (F)	*
OR	25	Central Electric Cooperative, Redmond	04/26/95 (F)	(L)
OR	39	Midstate Electric Cooperative, LaPine	02/19/98 (P)	
PA	4	Northwestern Rural Electric Coop., Cambridge Springs	06/25/98 (F)	(L)
PA	12	Sullivan County Rural Electric Cooperative, Forksville	07/13/99 (P)	
PA	15	Claverack Rural Electric Cooperative, Inc., Wysox	03/27/00 (F)	(L)
SC	30	Coastal Electric Cooperative, Walterboro	11/24/98 (P)	
SC	40	Palmetto Electric Cooperative, Ridgeland	11/23/99 (F)	
SD	12	Sioux Valley Empire Electric Assn., Colman	08/24/00 (F)	(L)
TN	45	LaFollette Utilities, LaFollette	09/16/97 (F)	
TX	11	Kaufman County Electric Cooperative, Kaufman	10/29/96 (F)	
TX	23	McCulloch Electric Cooperative, Inc., Brady	04/30/00 (F)	
TX	38	Hill County Electric Cooperative, Itasca	02/20/96 (F)	
TX	44	Hunt-Collin Electric Cooperative, Greenville	05/30/93 (F)	
TX	47	Deaf Smith County Electric Cooperative, Hereford	12/31/86 (F)	
TX	49	Denton County Electric Cooperative, Denton	08/34/94 (F)	
TX	50	Grayson-Collin Electric Cooperative, Van Alstyne	12/11/97 (F)	
TX	52	Fannin County Electric Cooperative, Bonham	03/24/98 (F)	
TX	56	South Plains Electric Cooperative, Lubbock	12/18/97 (F)	
TX	58	Fayette Electric Cooperative, La Grange	02/22/95 (F)	

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
TX	60	Lyntegar Electric Cooperative, Inc., Tahoka	10/18/99 (F)	(L)
TX	61	Coleman County Electric Cooperative, Coleman	09/18/97 (F)	
TX	67	Farmers Electric Cooperative, Greenville	07/29/96 (F)	
TX	72	Lamar County Electric Cooperative, Paris	04/29/97 (F)	
TX	75	Wharton County Electric Cooperative, El Campo	03/21/95 (F)	*
TX	76	Pedernales Electric Cooperative, Johnson City	09/28/87 (F)	
TX	77	Johnson County Electric Cooperative Assn, Cleburne	06/19/97 (F)	(G)
TX	83	Midwest Electric Cooperative, Roby	11/20/98 (F)	(L)
TX	85	Wise Electric Cooperative, Decatur	09/22/95 (F)	
TX	92	Bandera Electric Cooperative, Bandera	09/29/87 (F)	
TX	94	Guadalupe Valley Electric Cooperative, Gonzales	12/31/86 (F)	
TX	99	Stamford Electric Cooperative, Stamford	01/25/96 (F)	
TX	100	Bluebonnet Electric Cooperative, Giddings	09/28/87 (F)	
TX	101	Tri-County Electric Cooperative, Azle	10/27/94 (F)	
TX	103	Sam Houston Electric Cooperative, Livingston	03/22/96 (F)	
TX	106	Taylor Electric Cooperative, Inc., Merkel	06/04/99 (F)	
TX	107	Cap Rock Electric Cooperative, Stanton	09/29/87 (F)	
TX	111	San Bernard Electric Cooperative, Bellville	09/25/87 (F)	
TX	113	Dickens Electric Cooperative, Spur	09/25/95 (F)	
TX	114	Concho Valley Electric Cooperative, San Angelo	03/22/96 (F)	
TX	115	Mid-South Electric Cooperative Assn., Navasota	06/28/94 (F)	
TX	119	Kimble Electric Cooperative, Inc., Junction	07/20/00 (F)	
TX	122	Navasta Valley Electric Cooperative, Franklin	01/25/96 (F)	
TX	123	B-K Electric Cooperative, Seymour	03/19/98 (F)	*
TX	124	Southwest Texas Electric Cooperative, Eldorado	10/16/97 (F)	
TX	162	Trinity Valley Electric Cooperative, Kaufman	05/19/98 (F)	
UT	6	Garkane Power Association, Richfield	05/23/00 (F)	(L)
UT	8	Moon Lake Electric Association, Roosevelt	10/16/96 (F)	
UT	11	Flowell Electric Association, Fillmore	10/16/96 (F)	
UT	20	Dixie-Escalante Rural Electric Assn., Beryl	10/16/96 (F)	
WA	17	Public Utility Dist. #1 of Klickitat County, Goldendale	12/30/97 (F)	
WA	18	Inland Power & Light Company, Spokane	09/28/87 (F)	
WA	28	Public Utility Dist. #1 of Kittitas County, Ellensburg	09/27/96 (F)	
WA	32	Okanogan County Electric Cooperative, Winthrop	01/22/98 (F)	(G)
WA	36	Big Bend Electric Cooperative, Ritzville	01/18/95 (F)	
WA	37	Lincoln Electric Cooperative, Davenport	08/17/98 (F)	
WA	47	Public Util. Dist. #1 of Douglas County, East Wenatchee	03/16/95 (F)	
WA	51	Public Util. Dist. #1, Grays Harbor County, Aberdeen	08/27/87 (F)	

ST	RUS ID #	UTILITY NAME AND ADDRESS	DATE PREPAID	RED L or G
WI	14	Oconto Electric Cooperative, Oconto Falls	02/03/00 (P)	
WI	21	Taylor Electric Cooperative, Medford	05/29/96 (F)	*
WI	25	Oakdale Electric Cooperative, Oakdale	11/19/98 (F)	(L)
WI	27	Buffalo Electric Cooperative, Alma	11/29/95 (F)	
WI	32	Pierce-Pepin Electric Cooperative, Ellsworth	07/24/96 (F)	(L)
WI	37	Trempealeau Electric Cooperative, Arcadia	10/24/96 (F)	(L)
WI	40	Barron Electric Cooperative, Barron	12/28/95 (F)	(L)
WI	53	Eau Claire Electric Cooperative, Fall Creek	08/27/96 (F)	
WI	54	Polk-Burnett Electric Cooperative, Centuria	11/21/96 (F)	(G)
WI	58	Price Electric Cooperative, Phillips	02/24/98 (F)	
WY	9	Bridger Valley Electric Association, Mountain View	01/30/97 (F)	
WY	11	Lower Valley Power & Light, Afton	05/22/95 (F)	(L)

*Indicates those utilities previously having REDLG zero-interest loans where the zero-interest loans have been repaid in full.

September 20, 2000

TO: All Rural Development Employees

FROM: James C. Kearney (Signed by James C. Kearney)
Administrator
Rural Housing Service

SUBJECT: Requests for Payoffs by Junior Lienholders

This memorandum serves to clarify the Agency's position on calculating recapture when a payoff request is made by a junior lienholder.

Currently, when a junior lienholder requests a payoff, the policy is not to calculate recapture but instead include 100 percent recapture along with the principal and interest. This position was taken because the Subsidy Repayment Agreement in effect prior to 7 CFR Part 3550 stated that recapture would not be calculated except when the account was being liquidated by foreclosure. This is also supported by 7 CFR Part 3550 and RD Handbook HB 2-3550. This policy was extended to include foreclosures by junior lienholders, although neither the Subsidy Repayment Agreement nor Handbook specifically mention junior lienholders.

In re-evaluating this policy, we do not believe it is in the government's best interest to require 100 percent recapture when a payoff request is made by a junior lienholder. By requiring 100 percent recapture whether or not the market value supports that amount increases the risk of the Agency acquiring the property in the event of a junior lien foreclosure. It is also unlikely that the junior lienholder will pay off the loan if the Agency debt is greater than the market value. For that reason, we believe recapture should be calculated if the required information is provided by the junior lienholder. Neither the current Subsidy Repayment Agreement nor regulations require the junior lienholder to pay 100 percent recapture. The current Subsidy Repayment Agreement is silent on whether or not recapture should be calculated when the account is being liquidated. In addition, 7 CFR Part 3550.162(b) establishes on the amount to be recaptured without stating any exceptions for calculating recapture.

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Based on this information, the Agency's policy will be to calculate recapture if the required information is provided by the junior lienholder. Handbook changes are being made to conform with this policy. Likewise, when requested by the borrower; the Agency will calculate recapture on any accelerated loan prior to the foreclosure sale.

State Office staff may contact Jean Leavitt at 202-720-1460 if there are any questions.

September 20, 2000

TO: All Rural Development Employees

FROM: James C. Kearney (Signed by James C. Kearney)
Administrator
Rural Housing Service

SUBJECT: Modifying Escrow Account Setup Process on
Existing Single Family Housing Accounts

Currently, the Centralized Servicing Center (CSC) establishes escrow on existing Single Family Housing accounts by vouchering funds using the CSC Program Loan Cost account for each applicable area of escrow – Real Estate Taxes, Hazard Insurance and Flood Insurance, and the initial escrow deposit. Once the funds are processed (billed) for all three areas of Escrow, the account then moves through the reamortization process. The reamortization process was originally selected for this purpose as it places the loan on an amortized payment schedule and capitalizes the recoverable cost fees over the remaining term of the loan.

There are some drawbacks to the reamortization process as currently utilized for the setup of escrow. All servicing activities such as collections are impacted once the account begins the reamortization process. It can create delays in cash posting once fees are billed to the account, since the system will only post full payments automatically. This causes confusion to the customer due to the multiple fee billings to their account and with the time it takes to complete a reamortization. In addition, the reamortization process requires the borrower's signature, which delays the process and can create resource issues for the local offices.

To improve this, CSC implemented a new process for the setup of escrow on July 3, 2000. Taxes and Insurance will be paid directly from the Escrow Account, which will create a negative escrow balance. The Voucher Unit within the Escrow Operations Branch will voucher funds from CSC's Program Loan Cost Funds to establish escrow, allowing one fee posting to the borrower's account. The one fee will include the negative

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escrow and the initial escrow deposit necessary to fund the escrow account. That one cost item will be spread over the remaining term of the loan to minimize the monthly impact to the customer. The escrow analysis will then be completed and a letter sent to the customer with a full explanation of the new payment amount and effective date. Within the outlined escrow parameters, this new process would affect customers who have delinquent real estate taxes or have failed to maintain insurance on the property but would not qualify for a reamortization under conditions in 7 CFR Part 3550. Please refer to the attachment for detailed information on the escrow process.

With this new process there will be a reduction in the number of reamortization agreements that are sent to the field offices for the customer's signature. In addition, the amount of time taken to establish an escrow account will be reduced and other servicing activities can continue without interruption.

Once an escrow account is established, it will be for the life of the loan unless the conditions for escrowing were met as a result of an error. For example, the tax collector applies a customer's tax payment to an incorrect parcel resulting in delinquent real estate taxes on the customer's property.

If the customer wishes to pay off the fees, the funds must be submitted through the field office for submission to CSC on Form RD 3550-17, "Funds Transmittal Report." This is necessary because the billing statement does not allow for payment of the fee in full.

The Escrow Account Setup process is being provided to assist you in responding to customer inquiries you may receive in the field offices. For further assistance, field and state office staff may contact the Field Support Services Section at 314-206-2060 in CSC.

ATTACHMENT

In some instances, escrow has been established and delinquent taxes paid on loans with low balances and short remaining terms. To reduce this from happening in the future parameters have been established for determining whether or not taxes will be paid or escrow accounts established.

Customers that have delinquent real estate taxes or fail to maintain insurance on the property will be setup on an escrow account with the following exceptions. The unpaid principal balance (UPB) is equal to the principal balance plus all outstanding fees on the account.

- 504 loans less than \$15,000;
- Exceptions as outlined in 7 CFR 3550 and HB-2-3550;
- Section 502 loans with an unpaid principal balance (UPB) less than \$2,500;
- Section 502 loans with a UPB less than \$7,500 but greater than \$2,500 with more than 5 years remaining on the loan and taxes are more than 20 percent of the UPB; or
- Section 502 loans with a UPB less than \$7,500 but greater than \$2,500 with less than 5 years remaining on the loan.

Even if an exception applies, a borrower may nevertheless elect to have an escrow established.